

**REPORT OF THE AUDIT OF THE  
BOONE COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**BOONE COUNTY SHERIFF**

**For The Year Ended**  
**December 31, 2009**

The Auditor of Public Accounts has completed the Boone County Sheriff's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

**Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Boone County Sheriff had total revenues of \$21,316,459 and total expenditures of \$76,765, resulting in net revenues of \$21,239,694. Total revenues increased by \$10,650,749 and total expenditures decreased by \$17,327 from the prior year. The Sheriff paid 75% of net revenues to the Sheriff's Operating Fund in the amount of \$20,654,716. This was an increase of \$10,715,118 from the prior year. The Sheriff paid 25% of net revenues to the Boone County Fiscal Court in the amount of \$584,978. This was a decrease of \$47,042 from the prior year.

Operating Fund (75%) - The Sheriff's beginning fund balance as of January 1, 2009 totaled \$(6,924,277). Total revenues were \$20,654,716 and total expenditures were \$14,229,904 leaving an ending fund balance as of December 31, 2009 of \$(499,465).

County Fund (25%) - Total revenues of \$584,978 were deposited and transferred to the Boone County Treasurer for calendar year 2009.

**Deposits:**

The Sheriff's deposits were insured and collateralized by the Federal Deposit Insurance Corporation.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Gary W. Moore, Boone County Judge/Executive  
Honorble Mike Helmig, Boone County Sheriff  
Members of the Boone County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Boone County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2009. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2011 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Gary W. Moore, Boone County Judge/Executive  
Honorable Mike Helmig, Boone County Sheriff  
Members of the Boone County Fiscal Court

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Boone County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

April 21, 2011



BOONE COUNTY  
MIKE HELMIG, SHERIFF  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

Federal Grants:

Bullet Proof Vest	\$ 1,298	
MCSAP Grant	8,445	
Blue Lights Across the Bluegrass	2,205	
Governor's Highway Safety Grant	28,208	
LSF-2008-00042	6,119	
LSF-694-L1-08	5,347	
TACT grant	19,837	\$ 71,459

Federal Fees For Services:

Department of Justice	12,773	
Cabinet For Health and Family Services	260	
FBI-JTTF	14,823	
IRS Task Force Reimbursements	38,312	66,168

State Fees for Services:

Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	517,849	
Finance and Administration Cabinet	415,454	933,303

District Court Clerk		5,788
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Fiscal Court:

Supplement	15,900,000	
FEMA Reimbursement(Wind Storm)	11,164	
Emergency Management Cleanup	701	15,911,865

County Clerk		2,646
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Commission on Taxes		3,210,261
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Fees Collected for Services:

Auto Inspections	68,938	
Accident and Police Reports	14	
Boone County School	57,696	
Serving Papers	302,454	
Carrying Concealed Deadly Weapon Permits	21,930	
Sheriff's Penalty and Advertising Fees	282,569	
Other Police Services	106,246	839,847

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY  
 MIKE HELMIG, SHERIFF  
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

Revenues (Continued)

Other Revenues:

Impound	\$	915	
Employee Share Health Insurance		165,267	
Service Charge- Ordinance #03-07		76,630	
Court Ordered Payments		4,235	
Miscellaneous		19,208	
Interest Earned		8,867	\$ 275,122

Total Revenues		21,316,459
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Expenditures

Payments to State:

Carrying Concealed Deadly Weapon Permits	135
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Payments Made To County:

Service Charge-Ordinance #03-07	76,630
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Total Expenditures	76,765
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Net Revenues	21,239,694
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Payments to State Treasurer:

75% Operating Fund	20,654,716	
25% County Fund	584,978	21,239,694

Balance Due at Completion of Audit	\$	0
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BOONE COUNTY  
 MIKE HELMIG, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2009

	75% Operating Fund	25% County Fund	Totals
	<hr/>	<hr/>	<hr/>
Fund Balance - January 1, 2009	\$ (6,924,277)	\$	\$ (6,924,277)
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	20,654,716		20,654,716
Fees Paid to State - County Funds (25%)		584,978	584,978
	<hr/>	<hr/>	<hr/>
Total Funds Available	13,730,439	584,978	14,315,417
	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>			
Boone County Fiscal Court	\$	\$ 584,978	\$ 584,978
Personnel Services-			
Statutory Maximum	100,548		100,548
Deputies' Salaries	6,760,582		6,760,582
Part-Time Salaries	591,058		591,058
Office Staff Salaries	433,666		433,666
Resource Officers' Salaries	459,390		459,390
Kentucky Law Enforcement			
Foundation Program Fund	394,936		394,936
Employee Benefits-			
Employer's Share Social Security	605,807		605,807
Employer's Share Retirement	91,281		91,281
Employer's Share Hazardous			
Duty Retirement	2,499,877		2,499,877
Employer's Paid Health Insurance	1,395,014		1,395,014
Other Payroll Disbursements	157,398		157,398
Life and Disability Insurance	71,513		71,513

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY  
 MIKE HELMIG, SHERIFF  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Contracted Services-			
Advertising	\$ 3,770	\$	\$ 3,770
Vehicle Maintenance and Repairs	400,123		400,123
Maintenance Agreements	3,757		3,757
Attorney Retainer	6,000		6,000
Other Contracted Services	2,284		2,284
Materials and Supplies-			
Office Materials and Supplies	17,921		17,921
Telephone Expense	8,792		8,792
Uniforms and Equipment	74,993		74,993
Data Processing	6,312		6,312
Deputy Expenses/Training	29,669		29,669
Transporting Prisoners	85,887		85,887
Other Charges-			
Dues	6,130		6,130
Postage	16,231		16,231
Merit Board	4,351		4,351
Medical Supplies	1,896		1,896
Miscellaneous	718		718
Total Expenditures	\$ 14,229,904	\$ 584,978	\$ 14,814,882
Fund Balance - December 31, 2009	\$ (499,465)	\$ 0	\$ (499,465)

The accompanying notes are an integral part of the financial statements.

BOONE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2009
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

BOONE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.5 percent for the first six months and 16.16 for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.5 percent for the first six months and 32.97 for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Boone County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

BOONE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009  
(Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Boone County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Additional Bank Accounts of the Boone County Sheriff

The Sheriff also maintains the following bank accounts:

A. Informant Account- This account consists of money obtained through drug forfeitures and seizures. During 2009, the account had a beginning balance of \$620, receipts of less than \$1 and no expenditures. This account has remained dormant and was closed during calendar year 2009.

B. Equipment Account- This account consists of money received from court judgments. This money is to be used for equipment purchases. The account had a beginning balance of \$7,657, receipts of \$29,414 and expenditures of \$35,249. The ending balance, as of December 31, 2009 was \$1,822.

C. Federal Shared Proceeds Account- This account consists of money received from the Federal Government for various cases. It is to be used for employee training. For calendar year 2009 the account had a beginning balance of \$109, receipts of less than \$1 and no expenditures. The balance as of July 31, 2009 was \$110. This account was closed on August 31, 2009.

D. Federal Forfeitures Account- This account consists of money received from the Federal Government for various cases involving Sheriff's Deputies working for the DEA. It is to be used for equipment and employee training. During 2009, the account had a beginning balance of \$136,600, receipts of \$24,161 and expenditures of \$118,758. The ending balance as of December 31, 2009, was \$42,003.

E. Flexible Spending Account- The Boone County Sheriff's Department established a Flexible Benefit Plan for its employees. This plan allows for pre-tax salary reductions for dependent care and health premiums. The Flexible Spending Account was created to handle all funds related to the plan offered by the Sheriff's Department. During 2009, the account had a beginning balance of \$890, receipts of \$0 and expenditures of \$0. The ending balance as of December 31, 2009 was \$890.

BOONE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009  
(Continued)

Note 4. Additional Bank Accounts of the Boone County Sheriff (Continued)

F. Payroll Account- This account was created by the Boone County Sheriff's Department to process payroll checks for the Sheriff's Department. After the Sheriff's Department adopted KRS 64.345, "Counties having population of 70,000 or more," salaries of each officer, his deputies, assistants and his office expenses shall be paid semimonthly by the State Treasurer upon the warrant of the Finance and Administration Cabinet. This account still has outstanding checks and will remain open until all checks are cleared or the allotted time has passed and funds are given to the state as unclaimed funds. During 2009, the account had a beginning balance of \$500, receipts of \$0 and expenditures of \$0. The ending balance as of December 31, 2009 was \$500.

G. Cadet Program Account- The Cadet Program Account is an account that was created by the Boone County Police Department. The Boone County Police Department was merged into the Boone County Sheriff's Department and the funds were then turned over to the Sheriff's Department at that time. This account has remained dormant since the merger with a balance of \$991 at the end of 2008. This account was closed in 2009.

H. Federal Forfeiture, Treasury Account- This account consists of money received from the Federal Government for various cases involving Sheriff's Deputies working for the IRS. It is to be used for equipment and employee training. During 2009, the account had a beginning balance of \$0, receipts of \$134,312 and expenditures of \$31,950. The ending balance as of December 31, 2009 was \$102,362.

Note 5. 75% Operating Fund-Deficit Balance

The Boone County Sheriff's 75% operating fund had a deficit balance of \$499,465 as of December 31, 2009. KRS 64.345(4) states "If seventy-five percent(75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his/her office for the month, the deficit may be made up out of the amount paid in any succeeding month, but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his/her term."

Per an agreement with the Boone County Fiscal Court dated April 30, 2001, the Sheriff assumed the full law enforcement responsibilities of the County. Within this agreement, the County agreed to allocate sufficient funds, within the County's discretion, to enable the Sheriff to provide appropriate law enforcement services to the citizens of Boone County.

The 75% operating fund has to be settled at the end of the Sheriff's term, which ends December 31, 2010.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Gary W. Moore, Boone County Judge/Executive  
Honorable Mike Helmig, Boone County Sheriff  
Members of the Boone County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements - regulatory basis of the Boone County Sheriff for the year ended December 31, 2009, and have issued our report thereon dated April 21, 2011. The Sheriff's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Boone County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Boone County Sheriff's financial statements as of December 31, 2009, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Boone County Fiscal Court, others within the entity, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized flourish at the end.

Crit Luallen  
Auditor of Public Accounts

April 21, 2011

